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May 28, 1991

File No. 2530.4

VIA FEDERAL EXPRESS

Secretary
Interstate Commerce Commission
Room 2303
Washington, D.C. 20423

Re: **Ms. Mildred Lee**
Documents for Recordation

Dear Secretary:

This firm represents Affiliated Bank, a party to the enclosed Equipment Mortgage. I have enclosed two fully executed and notarized originals of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code and the regulations adopted thereto.

The document is an Equipment Mortgage and Assignment of Leases, a primary document, dated April 24, 1991.

The names and addresses of the party to the document are as follows:

Mortgagor: **Relco Locomotives, Inc.**
113 Industrial Avenue
Minooka, Illinois 60447

Mortgagee: **Affiliated Bank**
1737 West Howard Street
Chicago, Illinois 60626

A description of the equipment covered by the document appears on Schedule A, attached hereto and made a part hereof.

*A fee of \$15.00 is enclosed. After recordation, please return one original to Michele L. von Ebers, DeHaan & Richter, P.C., 55 West Monroe Street, Suite 1000, Chicago, Illinois 60603.

17357
MAY 29 1991 - 2:10 PM

INTERSTATE COMMERCE COMMISSION

DE HAAN & RICHTER, P.C.

Secretary
Interstate Commerce Commission
File No. 2530.4
May 28, 1991
Page Two

A short summary of the document to appear in the index follows:

Equipment Mortgage and Assignment of Leases between Relco Locomotives, Inc., an Illinois corporation, 113 Industrial Avenue, Minooka, Illinois 60447 ("Mortgagor") and Affiliated Bank, 1737 West Howard Street, Chicago, Illinois 60626 ("Mortgagee"), dated April 24, 1991, and covering 91 switching locomotives.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Michele L. von Ebers".

Michele L. von Ebers

MLvE:be
Enclosures

cc: Mr. Richard D. Gauthier (w/o enclosure)
Mr. Stan Rosendahl (w/o enclosure)

SCHEDULE A

Specific Equipment

<u>Description</u>	<u>Locomotive Numbers</u>
4-EMD, 600 H.P., 100 ton, Switcher Locomotives	RE501 RE502 RE510 RE511
5-HighHood ALCO 660 H.P. 99 ton, Switcher Locomotives	RE601 RE602 RE603 RE606 RE607
15-ALCO, 660 H.P. 100 ton, Switcher Locomotives	RE701 RE705 RE706 RE708 RE710 RE711 RE712 RE713 RE714 RE715 RE716 RE717 RE718 RE719 RE720
6-ALCO, 1000 H.P. (derated to 660 H.P.) 115 ton, Switcher Locomotives	RE801 RE802 RE803 RE804 RE805 RE806
2-EMD, SW8, 800 H.P., 125 ton, Switcher Locomotives	RE902 RE904
40-ALCO, 1000 H.P., 115 ton, Switcher Locomotives	RE1001 RE1003

RE1006
RE1007
RE1008
RE1009
RE1010
RE1015
RE1016
RE1017
RE1018
RE1019
RE1020
RE1022
RE1023
RE1024
RE1026
RE1027
RE1029
RE1030
RE1033
RE1034
RE1036
RE1038
RE1039
RE1040
RE1043
RE1044
RE1045
RE1046
RE1047
RE1049
RE1050
RE1052
RE1054
RE1058
RE1073
RE1074
RE1077
RE1078

6-EMD, NW2,
1000 H.P., 125 ton,
Switcher Locomotives

RE1201
RE1204
RE1211
RE1217
RE1218
RE1234

5-EMD,
1200 H.P., 125 ton,
Switcher Locomotives

RE1251
RE1256
RE1262
RE1263
RE1299

8-EMD, 16
Cylinder
Road Switchers

RE1606
RE1607
RE1608
RE1609
RE1610
RE1611
RE1612
RE2001

SECURITY AGREEMENT

RELCO LOCOMOTIVES, INC., an Illinois corporation

(Name of Debtor)

113 Industrial Drive

(Address)

Minooka

(City)

Illinois 60447

(County)

(State)

RECORDATION NO. 17357

MAY 23 1991 - 2 10 PM
INTERSTATE COMMERCE COMMISSION

(herein called "Debtor"), hereby conveys and grants to AFFILIATED BANK (herein called "Secured Party") a continuing security interest in the Collateral herein described, and in the proceeds and products of said Collateral, to secure payment and performance of the following indebtedness and obligations of Debtor to Secured Party which are collectively referred to as the "Liabilities":

(a) Debtor's promissory note of even date herewith, in the principal amount of Nine Hundred Forty Three Thousand Forty Seven

Hundred and 42/100 (\$943,047.42) and Five Hundred Thousand and No/100 (\$ 500,000.00) Dollars,

payable to the order of Secured Party as therein described ~~and~~ ("Notes"); and

(b) Any and all promissory notes hereafter executed by Debtor to Secured Party evidencing future advances and loans made by Secured Party to or for the account of Debtor; and,

(c) Any and all promissory notes hereafter executed by Debtor to Secured Party evidencing extensions, renewals or re-financing of the foregoing notes; and,

(d) Any and all other obligations and indebtedness of Debtor to Secured Party now existing or hereafter, arising, including, but not limited to, advances for insurance premiums, repairs to and maintenance of the Collateral, payment of taxes levied against Debtor or the Collateral, and advances to pay or discharge any other lien, security interest or encumbrance upon the Collateral, and,

(e) All costs and expenses incurred by Secured Party in the collection of any obligation or indebtedness of Debtor to Secured Party, including reasonable attorneys' fees, court costs and legal expenses.

2 The Collateral covered by this Security Agreement is the following described goods and property

All of the Debtor's now owned or existing or hereafter acquired or arising, wherever located accounts; contract rights; tax refund claims; tax refunds; inventory; equipment, including, but not limited to the specific equipment described on Exhibit A, attached hereto and made a part hereof; other goods including returned and repossessed goods; chattel paper, including, but not limited to the leases specifically described on Exhibit B, attached hereto and made a part hereof; documents; instruments; securities; fixtures; moneys; deposits; all insurance proceeds and return insurance premiums; books and records; general intangibles; claims; credits; other personal property, rights and interests; and in all accessions and additions thereto, substitutions and replacements therefor, and in all products and proceeds thereof. The foregoing goods and property are collectively referred to herein as "Collateral".

~~and in addition thereto, the goods and property described in the schedule hereto attached, marked "Exhibit A" and made a part hereof, together with all other goods, machinery, equipment, tools and dies, accounts receivable, general intangibles, fixtures, leases, deposits, customer's lists, routes, patents and patent applications, trade marks and trade names, franchises, licenses, insurance policies, return insurance premiums, inventory, raw materials, work in process, finished goods, products of goods, returned and repossessed goods, documents, instruments and chattel paper now owned or hereafter acquired by Debtor, by way of addition, accession or replacement; and the proceeds of any sale, exchange, collection or other disposition of all inventory, raw materials, work in process, finished goods, returned and repossessed goods, accounts receivable, contract rights and chattel paper (herein collectively called the "Collateral"); and all proceeds and products of the Collateral of every kind and description, including insurance proceeds.~~

3 Until default hereunder, Debtor shall be entitled to possession of the Collateral. The Collateral shall be kept at Relco Locomotives, Inc.

113 Industrial Drive

(Address)

Minooka

(City)

Illinois

(County)

(State)

and the following additional addresses, (if any) See Exhibit A, attached hereto and made a part hereof

for additional locations of specific equipment.

4 Debtor covenants, warrants and agrees with Secured Party as follows:

(a) Debtor is the sole owner of the Collateral free from any lien, security interest, encumbrance for claim and will defend the Collateral against the claims and demands of all persons, and, ~~(except for liens, security interests, encumbrances in favor of Secured Party)~~ ^{except security interests set forth on Exhibit D, attached hereto and made a part hereof,}

(b) Debtor shall not sell, lease or encumber the Collateral, grant any subsequent security interest therein, nor part with possession thereof unless Secured Party consents in advance in writing thereto, ~~and, (except for leases of locomotives in the ordinary course of business) and~~

(c) Debtor shall not remove or permit the Collateral to be removed from the location or locations specified herein without the written consent of Secured Party, ~~including the locomotives,~~

(d) Debtor shall not use or permit the Collateral to be used in violation of any law, ordinance, or policy of insurance covering said Collateral, and;

(e) Debtor shall maintain the Collateral in good condition and repair and shall pay all taxes levied on the Collateral and on Debtor or Debtor's business, and, ~~Debtor shall not use or permit the Collateral to be used in violation of any law, ordinance, or policy of insurance covering said Collateral, and;~~

(g) Debtor is authorized to sell inventory to buyers in the ordinary course of business but no such sale shall be made to a buyer in bulk or as security for a money debt. Debtor shall account to Secured Party for the proceeds of any such authorized sale of inventory and shall immediately deliver the proceeds, including chattel paper, to Secured Party, in the identical form received. Nothing herein contained shall be construed to authorize the sale or disposition of Collateral other than inventory; and,

The covenants, conditions and provisions on the reverse side hereof are a part of this Security Agreement, which consists of two pages, and are incorporated herein by reference.

Additional covenants, conditions and provisions

(h) Debtor shall procure and maintain insurance on the Collateral for the full term of this security agreement against the risks of fire, theft and such other risks as Secured Party may require (including the risk of collision in case the Collateral is a motor vehicle) in such insurers as are satisfactory to Secured Party; and Debtor shall deliver to Secured Party within ten (10) days from date, a fully paid policy or policies of insurance containing Lenders Loss Payable Clause, Form No. 107 or equivalent in favor of Secured Party providing for ten (10) days prior written notice of cancellation. If Debtor shall fail, for any reason to insure the Collateral at the times and in the manner hereinabove provided, or if Debtor's insurance shall be cancelled, Secured Party, at its option, may procure such insurance as shall be deemed necessary by Secured Party, pay the premiums therefor and add the cost thereof to the indebtedness secured hereby; or Secured Party may, at its option, declare all obligations secured hereby to be immediately due and payable. Debtor hereby assigns to Secured Party any unearned or return premiums. Secured Party is hereby appointed Debtor's attorney-in-fact to endorse any check or draft payable to Debtor in order to collect such unearned premium or any benefits of such insurance. Any sums received by Secured Party in payment of losses under said policies of insurance may, at the option of Secured Party, be applied to the payment of the installment or installments last due on Debtor's note, notes or indebtedness secured hereby. Except to the extent applied toward premiums for similar insurance, any unearned premiums shall be applied to the installment or installments last due on the Debtor's note, notes or indebtedness secured hereby.

(i) Debtor agrees that Secured Party shall have the sole right to determine where, in what manner and to which indebtedness of Debtor all payments and credits, including the proceeds of credit insurance, shall be applied ^{*or standard mortgage clause}

5 Should the value of collateral consisting of securities, instruments or general intangibles decline in value or be deemed inadequate by the Secured Party, upon demand of Secured Party, the Debtor shall deliver to Secured Party additional collateral satisfactory to Secured Party.

6 Loss, theft, damage to, destruction or seizure of the Collateral shall not relieve Debtor from the payment and performance of any obligation or indebtedness secured hereby

7 At its option and as an alternative to declaration of a default hereunder, Secured Party may pay or discharge any tax levied against the Collateral or the Debtor or any other lien, security interest or encumbrance on the Collateral or may pay for maintenance, repairs to or preservation of the Collateral. All such payments made or expenses incurred by Secured Party shall become additional indebtedness secured hereby

8 Secured Party, its agents and employees may examine and inspect the Collateral and Debtor's books and records covering said Collateral at any reasonable time or times

9 The Secured Party may take such action from time to time as it may deem appropriate to maintain or protect the Collateral, and in particular may at any time (i) transfer the whole or any part of the Collateral into the name of itself or its nominee, (ii) collect any amounts due on the Collateral directly from the persons obligated thereon, (iii) vote the Collateral, (iv) take control of any proceeds of the Collateral, or (v) sue or make any compromise or settlement with respect to any of the Collateral

10 The occurrence of any of the following events or conditions shall, at the option of Secured Party and without notice to or demand on Debtor, constitute an event of default hereunder.

(a) Default in the payment or performance of any note, obligation or indebtedness of Debtor secured hereby, or,
(b) Failure of Debtor to perform any covenant or agreement made by Debtor herein or of any guarantor of Debtor to perform any covenant or agreement made by such guarantor; or,

(c) Breach of any warranty or falsity of any representation made by Debtor to Secured Party herein or in connection with any obligation secured hereby, or,
(d) Loss, theft, substantial damage to, destruction, sale, encumbrance, concealment, removal, attachment, seizure, forfeiture of or levy upon the Collateral or upon the Collateral of any guarantor, or,

(e) Institution of any proceeding by or against Debtor, Debtor's business or any guarantor of Debtor under any bankruptcy or insolvency statute or filing of any petition by Debtor or any guarantor of Debtor for an Arrangement, or,

(f) Assignment by Debtor or any guarantor of Debtor for the benefit of creditors or appointment of a receiver for Debtor, any guarantor of Debtor or the Collateral or

(g) Any event shall occur which might, in Secured Party's reasonable opinion, have a material adverse effect on the collateral or Debtor's financial or business condition or operations

(h) Failure of Debtor to account for the sale of inventory as herein provided

(i) Entry of a judgment against Debtor unless the judgment is vacated, set aside or superseded within ~~thirty~~ ^{sixty (60)} days.

11 Upon the occurrence of any event of default, Secured Party may declare all installments of Debtor's note and all other indebtedness secured hereby immediately due and payable, without notice or demand, and thereupon Secured Party shall have the right to take possession of the Collateral, with or without legal process, and shall have the remedies of a Secured Party under the Illinois Uniform Commercial Code. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party shall give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other intended disposition thereof is to be made. It is expressly agreed by the Debtor that the requirements of reasonable notice shall be met if notice is mailed to Debtor at the address of Debtor shown hereinabove not less than ten (10) days prior to the sale or other disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Secured Party is authorized to sell or dispose of the Collateral on the premises of the Debtor, and Debtor agrees to make no charge for storage of the Collateral prior to sale and for a reasonable time thereafter. Secured Party's rights and remedies shall be cumulative and not in the alternative. Debtor shall have all the rights and remedies before or after default provided in Article 9 of the Uniform Commercial Code at the date of this Security Agreement.

12 All rights of Secured Party shall inure to the successors and assigns of Secured Party, and all obligations of Debtor shall be binding upon Debtor's heirs, personal representatives, successors and assigns. Debtor agrees that if Secured Party shall assign this Security Agreement, Debtor will assert no claims, defenses, counterclaims or set-offs Debtor may have against Secured Party against the Assignee. Waiver of any default by Secured Party shall not constitute waiver of any subsequent default. If there is more than one Debtor, their obligations hereunder shall be joint and several.

13 The laws of the State of Illinois shall govern the construction of and the rights and duties of the parties to this Security Agreement and all obligations secured hereby

WAIVER OF RIGHT TO NOTICE AND HEARING: IN EVENT OF A DEFAULT BY DEBTOR UNDER THIS SECURITY AGREEMENT, DEBTOR VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY WAIVES ALL RIGHTS TO NOTICE AND HEARING OF ANY KIND PRIOR TO THE EXERCISE BY SECURED PARTY OF ITS RIGHTS TO REPOSSESS THE COLLATERAL BY SELF-HELP AND WITHOUT JUDICIAL PROCESS AND WAIVES ALL RIGHTS TO NOTICE AND HEARING PRIOR TO ISSUANCE OF A WRIT OF REPLEVIN, A WRIT OF ATTACHMENT OR LEVY UPON THE COLLATERAL. See Rider, attached hereto,

made a part hereof, and incorporated by reference herein for additional provisions.

EXECUTED at Chicago, Illinois this 24th day of April, 19 91.

RELCO LOCOMOTIVES, INC.
an Illinois corporation

a corporation

By

DONALD L. BACHMAN

President

By

(Debtor)

(Debtor)

(Debtor)

(Debtor)

(Debtor)

RIDER
TO
EQUIPMENT MORTGAGE AND
ASSIGNMENT OF LEASES/SECURITY AGREEMENT
DATED AS OF APRIL 24, 1991
OF
RELCO LOCOMOTIVES, INC.

1. The Liabilities of Debtor shall also include all indebtedness, obligations and liabilities of Debtor to Secured Party under the guaranties of payment of all indebtedness, obligations and liabilities of Relco Locomotives-Great, Inc., a Utah corporation ("Great West") and Relco Finance Corporation, an Illinois corporation ("Relco Finance") to Secured Party, executed by Debtor and dated as of the date hereof ("Guaranties").

2. As further security for the payment and performance of Debtor's Liabilities, Debtor hereby grants, transfers and assigns to Secured Party all of Debtor's rights, titles and interest in and to all of Debtor's leases relating to the equipment, whether now or hereafter existing, including those certain leases described on Exhibit B (individually called "Lease" and collectively called "Leases") together with any amendments, supplements, schedules, or riders attached thereto or as may be executed from time to time, any and all extensions and renewals thereof, and including without limitation the following: (a) all rental payments and other moneys, including all insurance payments and claims for losses, due and to become due Debtor under, and all claims for damages arising out of the breach of, the Leases; (b) the right of Debtor to terminate the Leases; (c) the right of Debtor to perform under the Leases; (d) the right of Debtor to compel performance of the terms of the Leases; and (e) any guaranty of the Leases and any rights of Debtor in respect of any subleases permitted under the Leases.

3. The occurrence of the following conditions or events shall cause an event of default under this Security Agreement:

a. A default under any of the Related Financing Agreements (defined below). As used herein, "Related Financing Agreements" means the Notes, this Security Agreement, the Guaranties, and any and all agreements, instruments and documents, including without limitation, all notes, guaranties, security agreements, mortgages, deeds of trust, pledges, powers of attorney, consents, assignments, contracts, notices, leases, financing statements and all other written matter heretofore, now or hereafter executed by and/or on behalf of Debtor, Relco Finance and Great West and delivered to Secured Party, together with all agreements and documents referred to therein or contemplated thereby in connection with the indebtedness, obligations and liabilities of Debtor, Relco Finance and Great West to Secured Party.

b. The dissolution or termination of Debtor, whether by voluntary or involuntary action.

c. Debtor (i) voluntarily ceases conducting all or any material part of its business affairs, or (ii) is enjoined, restrained or in any way prevented from conducting all or any material part of its business affairs by court order.

d. Debtor fails to pledge or grant or cause to be pledged or granted to Secured Party a continuing security interest in the Collateral or to immediately furnish additional and satisfactory collateral after Secured Party makes such request to Debtor when Secured Party, in its sole discretion exercised in good faith (defined below), shall deem itself insecure for any reason whatsoever. As used herein, "good faith" means honesty in fact in the conduct or transaction concerned, as determined on a subjective basis.

4. Debtor represents and warrants as of the date hereof and so long as any of the Liabilities remain outstanding, that:

a. Debtor is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, and Debtor has full corporate power and authorization by Debtor's Board of Directors or Debtor's stockholders, or both, to own its properties and to conduct its business and to enter into, and to perform and observe the provisions of the Security Agreement and the other Related Financing Agreements to which Debtor is a party ("Debtor Financing Agreements").

b. The execution, delivery and performance of this Security Agreement and the other Debtor Financing Agreements do not and will not:

i. conflict with any provision of Debtor's Articles of Incorporation or By-laws or any statute, regulation, ordinance, rule of law or order of any court or governmental authority applicable to Debtor or any agreement, instrument or other writing binding upon Debtor;

ii. require any governmental consent, approval, authorization designation or declaration of filing; or

iii. cause a default or create a lien or other encumbrance on any assets of Debtor under any other agreement, instrument or writing binding on Debtor.

c. Debtor is in material compliance with all laws, orders, regulations and ordinances of all federal, foreign, state and local governmental authorities relating to the business operations and the assets of Debtor.

d. This Security Agreement and the other Debtor Financing Agreements have been duly executed and delivered to Secured Party and are the legal, valid and binding obligations of Debtor, enforceable against Debtor in accordance with their respective terms.

e. The office where Debtor keeps its records concerning the Collateral and Debtor's chief executive office is and will be located at the address set forth in this Security Agreement, and Debtor has no other place of business.

f. Debtor is solvent, pays its debts as they become due and has the capital sufficient to conduct its business as it is now being conducted and intended to be

conducted and the fair salable value of Debtor's total assets exceeds the amount of Debtor's total indebtedness, obligations and liabilities. Debtor will not be rendered insolvent by the execution and delivery of the Security Agreement and the other Debtor Financing Documents or by the transactions contemplated hereunder or thereunder. Debtor will not have incurred, and does not intend to incur, liability for any such obligation beyond its ability to pay or satisfy such liabilities as they become due.

g. There is no action, proceeding, claim or complaint pending or threatened to be brought against Debtor by any federal, state or other governmental authority which might materially, adversely affect Debtor's financial statements, operations, business or the Collateral or jeopardize any of Debtor's bonds or licenses or the renewal thereof.

h. Debtor has filed all federal, state and local tax returns and other reports required by law to be filed prior to the date hereof and which are material to the conduct of its business, and has paid or caused to be paid all taxes, assessments and other Charges (defined below) that are due and payable prior to the date hereof, and has made adequate provision for the payment of such taxes, assessments or other Charges accruing but not yet payable. Debtor has no knowledge of any deficiency or additional assessment in connection with any taxes, assessments or Charges not provided for on its books. As used herein, "Charges" means all federal, state, county, city, municipal and/or other governmental (or any instrumentality, division, agency, body or department thereof including without limitation the Pension Benefit Guaranty Corporation) taxes, levies, assessments, charges, liens, claims or encumbrances upon and/or relating to the Collateral, the Liabilities, Debtor's business, Debtor's ownership and/or use of any of its assets, and/or Debtor's income and/or gross receipts.

i. No information contained herein or in any certificate or other document furnished by Debtor to Secured Party contains any untrue or incorrect statement of material fact or omits to state a material fact necessary to make such representation or warranty not misleading in light of the circumstances under which it was made.

j. Debtor has complied in all material respects with all applicable laws and regulations with respect to:

i. any restrictions, specifications, or other requirements pertaining to products that Debtor sells or to the services it performs;

ii. the conduct of its businesses;

iii. the use, maintenance, and operation of the real and personal properties owned or leased by Debtor in the conduct of its business; and

iv. environmental matters, hazardous substances and asbestos as defined under any of such applicable laws and regulations.

k. Each consent, approval or authorization of, or filing, registration or qualification required to be obtained or effected by Debtor in connection with the execution and delivery of this Security Agreement and the other Debtor Financing Agreements or the undertaking or performance of any obligation hereunder or thereunder has been duly obtained or effected.

l. Debtor has no subsidiary or subsidiaries.

5. Until payment or satisfaction in full of all the Liabilities, Debtor agrees as follows:

a. Debtor shall keep proper books and records in which full and true entries will be made of all dealings or transactions of or in relation to the business and affairs of Debtor, in accordance with generally accepted accounting principles consistently applied, and Debtor shall cause to be furnished to Secured Party:

i. as soon as practicable and in any event within forty-five (45) days after the end of each quarterly accounting period in each fiscal year, statements of income, retained earnings and changes in financial condition of Debtor for such quarterly period, statements of income, retained earnings and changes in financial condition of Debtor as of the end of such quarterly period, and balance sheets of Debtor as of the end of such year to date period, setting forth in each case, in comparative form, figures for the corresponding periods in the preceding quarter and year to date period, all in reasonable detail and satisfactory in scope to Secured Party;

ii. as soon as practicable and in any event within ninety (90) days after the end of each fiscal year, reviewed statements of income, retained earnings and changes in financial condition of Debtor for such year, and balance sheets of Debtor as of the end of such year, setting forth in each case, in comparative form, corresponding figures for the period covered by the preceding annual review and as of the end of the preceding fiscal year, all in reasonable detail and satisfactory in scope to Secured Party and certified to Debtor by Debtor's independent certified public accountants; and

iii. promptly, any and all other financial information and reports in form and substance acceptable to Secured Party as Secured Party may request at any time and from time to time.

b. Debtor will promptly advise Secured Party in writing of the proposed change in address of its chief executive office and opening of any new places of business by Debtor or the closing of any existing places of business of Debtor.

c. Debtor shall maintain its corporate existence, franchises, leases, licenses, patents, contracts and other rights necessary or desirable to the profitable conduct of its business; shall continue in and limit its operations to the same general line of business as that presently conducted by it; and shall comply with all applicable laws and regulations of any federal, state or local governmental authority,

including all laws relating to environmental matters, hazardous substances and asbestos.

d. (i) To abide by, perform and discharge all of Debtor's obligations, covenants and agreements under the Leases; (ii) to enforce or secure the performance of all of the lessees' obligations, covenants and agreements under the Leases at the sole cost of Debtor; (iii) not to require or permit, unless previously approved in writing by the Assignee, advance payment of any rent or other sums due under the Leases (except for security deposits); and, (iv) not to waive, excuse, condone or in any manner release or discharge any lessee from such lessee's obligations, covenants and agreements under its respective Lease, including the obligation to pay the rent required under such Lease in the manner and at the place and time specified in the Lease.

e. To provide Secured Party with written notification of any cancellation, amendment, modification, extension or any other alteration in the terms or provisions of the Leases within thirty (30) calendar days of such cancellation, amendment, modification, extension or other alteration.

f. To appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the Leases or the obligations, duties or liabilities of Debtor and the lessee thereunder, at Debtor's sole cost and expense, and to pay all costs and expenses of Secured Party, including reasonable attorneys' and paralegals' fees and costs, in any action or proceeding in any matter connected with the Leases in which Secured Party may appear.

g. To notify Secured Party immediately after Debtor obtains knowledge of any default or event of default by Debtor or any lessee under any of the Leases.

h. To pay immediately upon demand by Secured Party all sums expended by Secured Party under the authority hereof together with interest thereon at the default rate set forth in the Notes until repaid to Secured Party.

i. To deliver to Secured Party concurrently herewith all original Leases, and all amendments and modifications thereof, except for those certain Leases which Debtor has agreed in writing to deliver to Secured Party within forty-five (45) calendar days from the date of this Security Agreement.

6. All representations, warranties and covenants made in this Security Agreement and in any other Debtor Financing Agreements shall survive until the Liabilities are paid or satisfied in full.

7. Debtor shall notify Secured Party immediately after Debtor obtains knowledge of any default or event of default under this Security Agreement or any other Debtor Financing Agreements or the failure of Debtor to observe any of Debtor's undertakings hereunder or thereunder.

8. Debtor shall execute and deliver to Secured Party such financing statements or amendments thereof or supplements thereto and such other instruments as Secured Party may from time to time require in order to comply with the Uniform Commercial Code and all other applicable laws, and preserve and protect the security interests hereby granted, and Debtor shall pay all filing or recording fees. Secured Party is authorized to prepare, sign and file or record any such financing statements as Debtor's agent. Debtor agrees that a photographic, photostatic or other similar reproduction of this executed Security Agreement or an executed financing statement shall be sufficient as a financing statement for the purpose of filing or recording.

9. Secured Party shall have no obligation to marshal any assets in payment or reduction of any of the Liabilities or in favor of Debtor. The amount of any reduction or reductions of the Liabilities, whether by payment, collection or recovery or otherwise, from any source or for any reason, shall be revived and continued in full force as though the amount of any such reduction or reductions had not been made, collected or recovered.

10. No delay on the part of Secured Party in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Secured Party of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. None of the Liabilities shall be waived, unless such waiver is in writing signed by an authorized officer of Secured Party, specifying the specific waiver.

11. DEBTOR ACKNOWLEDGES THAT THIS SECURITY AGREEMENT IS BEING ACCEPTED BY SECURED PARTY IN PARTIAL CONSIDERATION OF SECURED PARTY'S RIGHT TO ENFORCE IN THE STATE OF ILLINOIS AND THE COUNTY OF COOK THE TERMS AND PROVISIONS HEREUNDER AND UNDER ANY OF THE OTHER DEBTOR FINANCING AGREEMENTS DELIVERED TO SECURED PARTY IN CONNECTION WITH THE LIABILITIES. DEBTOR CONSENTS TO JURISDICTION IN THE STATE OF ILLINOIS AND VENUE IN THE COUNTY OF COOK FOR SUCH PURPOSES. DEBTOR WAIVES ANY AND ALL RIGHTS TO CONTEST JURISDICTION AND VENUE OF THE STATE OF ILLINOIS AND COUNTY OF COOK OVER DEBTOR FOR THE PURPOSES OF ENFORCING THIS SECURITY AGREEMENT AND ANY OF THE OTHER DEBTOR FINANCING AGREEMENTS DELIVERED TO SECURED PARTY IN CONNECTION WITH THE LIABILITIES; AND DEBTOR WAIVES ANY AND ALL RIGHTS TO COMMENCE ANY ACTION, WHETHER BY COMPLAINT, COUNTER-COMPLAINT OR CROSS-COMPLAINT OR COUNTERCLAIM WITH RESPECT TO THE LIABILITIES, AGAINST SECURED PARTY IN ANY JURISDICTION OTHER THAN IN THE STATE OF ILLINOIS AND IN THE COUNTY OF COOK. DEBTOR WAIVES ALL RIGHTS TO TRIAL BY JURY.

12. Whenever possible, each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of the Security Agreement.

13. This Security Agreement constitutes the entire agreement between the parties and may be amended only by a writing signed by an authorized individual on behalf of each party.

Dated as of April 24, 1991

RELCO LOCOMOTIVES, INC.
an Illinois corporation

By: _____

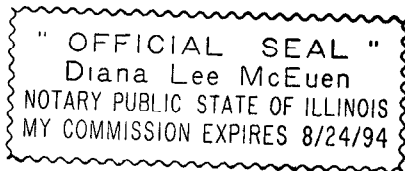
Donald L. Bachman, President

STATE OF ILLINOIS

COUNTY OF ~~COOK~~ *DuPage*

I, *Diana Lee McEuen*, a Notary Public in and for said County and State aforesaid, do hereby certify that Donald L. Bachman, personally known to me to be the same person whose name is as President of Relco Locomotives, Inc., an Illinois corporation, subscribed to the foregoing instrument, appeared before me this day in person and acknowledged to me that he, being thereunto duly authorized, signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this *24th* day of April, 1991.



Diana Lee McEuen
Notary Public

My Commission Expires: _____

EXHIBIT A
TO
EQUIPMENT MORTGAGE AND
ASSIGNMENT OF LEASES/SECURITY AGREEMENT
DATED AS OF APRIL 24, 1991
OF
RELCO LOCOMOTIVES, INC.

Specific Equipment

<u>Description</u>	<u>Equipment and Locomotive Numbers</u>	<u>Location</u>
3-1989 F450 Ford Truck, Body and Crane	143*, 144*, 146*	Minooka, IL
4-EMD, 600 H.P., 100 ton, Switcher Locomotives	RE501 RE502 RE510 RE511*	Morris, IL Geismar, LA Minooka, IL Sayre, PA
5-HighHood ALCO 660 H.P. 99 ton, Switcher Locomotives	RE601 RE602 RE603 RE606 RE607	Troy, OH South Bend, IN Michigan City, IN Fitzgerald, GA Arcanum, OH
15-ALCO, 660 H.P. 100 ton, Switcher Locomotives	RE701 RE705 RE706 RE708 RE710 RE711 RE712 RE713 RE714 RE715 RE716 RE717 RE718 RE719 RE720	Pasadena, TX Baton Rouge, LA Pascagoula, MS Clarks Grove, MN Baytown, TX Helena, AR Elgin, IL Logansport, IN Peoria, IL Buffalo, IA Marks, MS Houston, TX Niagara Falls, NY Sunfield, MI Lansing, MI
6-ALCO, 1000 H.P. (derated to 660 H.P.) 115 ton, Switcher Locomotives	RE801 RE802 RE803 RE804	Joliet, IL Montezuma, NY Williams, IA Mead, NE

	RE805	Avon Lake, OH
	RE806	Baytown, TX
2-EMD, SW8, 800 H.P., 125 ton, Switcher Locomotives	RE902*	Portland, OR
	RE904*	Minooka, IL
40-ALCO, 1000 H.P., 115 ton, Switcher Locomotives	RE1001	Chesterton, IN
	RE1003	Pineville, LA
	RE1006	Parkhill, PA
	RE1007	Pontiac, IL
	RE1008	St. Gabriel, LA
	RE1009	De Pue, IL
	RE1010	Decatur, IL
	RE1015	Baytown, TX
	RE1016	Morrilton, AR
	RE1017	Little Rock, AR
	RE1018	Baytown, TX
	RE1019	Paxton, IL
	RE1020	St. Gabriel, LA
	RE1022	St. Gabriel, LA
	RE1023	Burnside, LA
	RE1024	Pascagoula, MS
	RE1026	Brokaw, WI
	RE1027	Pineville, LA
	RE1029	<u>Portland, OR</u>
	RE1030	Cherokee, AL
	RE1033	Baytown, TX
	RE1034	Granite City, IL
	RE1036	Baytown, TX
	RE1038	Seneca, IL
	RE1039	Destrehan, LA
	RE1040	Kennewick, WA
	RE1043	Tulia, TX
	RE1044	McGee, AR
	RE1045	Port Hudson, LA
	RE1046	Donaldsville, LA
	RE1047	Zachary, LA
	RE1049	Lake Charles, LA
	RE1050	Geismar, LA
	RE1052	Cairo, IL
	RE1054	Chesterton, IN
	RE1058	Baytown, TX
	RE1073	Portland, OR
	RE1074	Portland, OR
	RE1077	Portland, OR
	RE1078	Portland, OR

6-EMD, NW2,
1000 H.P., 125 ton,
Switcher Locomotives

RE1201
RE1204
RE1211
RE1217
RE1218
RE1234

Fort Madison, IA
Plaquemine, LA
Minooka, IL
Minooka, IL
Ranger, TX
Minooka, IL

5-EMD,
1200 H.P., 125 ton,
Switcher Locomotives

RE1251
RE1256
RE1262*
RE1263*
RE1299*

Baytown, TX
Victoria, TX
Minooka, IL
Green River, WY
Minooka, IL

8-EMD, 16
Cylinder
Road Switchers

RE1606*
RE1607*
RE1608*
RE1609
RE1610
RE1611
RE1612
RE2001*

Victoria, TX
Green River, WY
Victoria, TX
Richmond, CA
Opelousas, LA
Minooka, IL
Richmond, CA
Shute Creek, WY

***Leased from Relco Finance Corporation**

EXHIBIT B
TO
EQUIPMENT MORTGAGE AND
ASSIGNMENT OF LEASES/ SECURITY AGREEMENT
DATED AS OF APRIL 24, 1991
BY RELCO LOCOMOTIVES, INC. ("DEBTOR")

Description of Leases

<u>Locomotive Number</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Locomotive Location</u>	<u>Lease Date</u>
RE 501	Debtor	E.T.I. (DuPont)	Morris IL	07/27/87
RE 502	Debtor	Arcadian Corporation	Geismar LA	07/24/87
RE 601	Debtor	Continental Grain Co.	Troy OH	02/01/86
RE 602	Debtor	New Energy Corporation	South Bend IN	06/08/84
RE 603	Debtor	Behr Iron & Steel	Michigan City IN	04/04/73
RE 606	Debtor	Empak Corporation	Fitzgerald GA	02/05/88
RE 607	Debtor	Continental Grain Co.	Arcanum OH	09/20/77
RE 701	Debtor	Lyondell Polymers	Pasedena TX	06/82
RE 705	Debtor	Exxon Corporation	Baton Rouge LA	04/23/84
RE 708	Debtor	P.C.S. Sales-Peavy, Inc.	Clarks Grove MN	09/13/84
RE 711	Debtor	Nitrogen Products	Helena AR	01/21/91
RE 712	Debtor	Chicago Gravel	Elgin IL	06/06/79
RE 713	Debtor	Bunge Corporation	Logansport IN	09/27/84
RE 714	Debtor	Keystone Steel	Peoria IL	01/23/90
RE 715	Debtor	Occidental Chemical Company	Buffalo IA	04/10/81
RE 717	Debtor	Fermenta Plant Protection	Houston TX	03/22/85
RE 718	Debtor	Occidental Chemical Company	Niagra Falls NY	10/28/63
RE 719	Debtor	American Bean & Grain	Sunfield MI	06/01/87
RE 720	Debtor	Padnos Iron & Metal	Lansing MI	01/18/91
RE 801	Debtor	Amoco Chemical Corporation	Joliet IL	03/18/69
RE 802	Debtor	A.D.M. Company	Montezuma NY	07/06/78
RE 803	Debtor	Scoular Grain	Williams IA	09/13/84
RE 804	Debtor	Frontier Coop.	Mead NE	12/27/88
RE 805	Debtor	B.F. Goodrich Company	Avon Lake OH	06/09/87
RE 902*	Debtor	Oregon Steel Mills	Portland OR	11/02/87
RE 1001	Debtor	Luria Brothers & Company	Chesterton IN	11/30/67
RE 1007	Debtor	Bunge Corporation	Pontiac IL	05/16/75
RE 1010	Debtor	A.E. Staley Manufac- turing Corporation	Decatur IL	12/14/84
RE 1017	Debtor	Little Rock Port Authority	Little Rock AR	05/26/72

RE 1019	Debtor	Ludlow Coop	Paxton	IL	05/08/78
RE 1023	Debtor	Hall Buck Marine	Burnside	LA	04/11/84
RE 1024	Debtor	Nu-South Industries	Pascagoula	MS	07/01/91
RE 1026	Debtor	Wausau Paper Mills Company	Brokaw	WI	07/01/83
RE 1029	Debtor	Columbia Grain, Inc.			07/19/78
RE 1030	Debtor	Laroche Industries	Cherokee	AL	03/11/91
RE 1034	Debtor	Bulk Service	Granite City	IL	03/07/88
RE 1038	Debtor	Shipyard Terminals	Seneca	IL	06/13/80
RE 1039	Debtor	Bunge Corporation	Destrehan	LA	05/29/73
RE 1040	Debtor	Chevron Chemical Company	Kennewick	WA	03/03/87
RE 1043	Debtor	Continental Grain Co.	Tulia	TX	09/01/84
RE 1044	Debtor	Potlatch Corporation	McGee	AR	03/16/77
RE 1047	Debtor	Georgia-Pacific Company	Zachary	LA	01/16/75
RE 1049	Debtor	Port of Lake Charles	Lake Charles	LA	08/21/81
RE 1050	Debtor	Arcadian Corporation	Geismar	LA	06/11/86
RE 1052	Debtor	Bunge Corporation	Cairo	IL	03/29/76
RE 1054	Debtor	Luria Brothers & Company	Chesterton	IN	03/19/71
RE 1293	Debtor	Midwest Switching	Green River	WY	11/15/89
RE 1606*	Debtor	Union Carbide Chemical and Plastics Company Inc.	Victoria	TX	09/13/89
RE 1607*	Debtor	Midwest Switching	Green River	WY	05/03/89
RE 1608*	Debtor	Union Carbide Chemical and Plastics Company, Inc.	Victoria	TX	09/13/89
RE 1609	Debtor	Western Plant Services	Richmond	CA	11/28/90
RE 1610	Debtor	Acadiana Railway	Opelousas	LA	11/07/90
RE 1612	Debtor	Western Plant Services	Richmond	CA	11/28/90
RE 2001*	Debtor	Exxon Company U.S.A.	Shute Creek	WY	06/30/86

*Leased from Relco Finance Corporation

**EXHIBIT C
TO
EQUIPMENT MORTGAGE AND
ASSIGNMENT OF LEASES/SECURITY AGREEMENT
DATED AS OF APRIL 24, 1991
RELCO LOCOMOTIVES, INC.**

Purchase Money Security Interest

<u>Secured Party</u>	<u>Amount of Indebtedness</u>	<u>Collateral</u>
General Electric Railcar Service Corporation	\$225,000.00	RE 1609 RE 1610 RE 1611 RE 1612